

## ECONOMIC DEVELOPMENT AUTHORITY[261]

### Notice of Intended Action

#### **Proposing rule making related to tax credits and providing an opportunity for public comment**

The Economic Development Authority (IEDA) hereby proposes to amend Chapter 76, “Aggregate Tax Credit Limit for Certain Economic Development Programs,” Iowa Administrative Code.

#### *Legal Authority for Rule Making*

This rule making is proposed under the authority provided in Iowa Code sections 15.106A and 15.119.

#### *State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code section 15.119 as amended by 2021 Iowa Acts, Senate File 619.

#### *Purpose and Summary*

2021 Iowa Acts, Senate File 619, amends Iowa Code section 15.119 relating to the tax credit allocations for certain economic development programs. The following programs were affected: the High Quality Jobs Program, the Renewable Chemical Production Tax Credit Program, the Redevelopment Tax Credit Program for Brownfields and Grayfields, and the Workforce Housing Tax Incentives Program. The proposed amendments strike references to specific programs and amounts of allocations. The proposed amendments also eliminate current inconsistencies with the Iowa Code as well as avoid inconsistencies resulting from any future changes to the allocations.

#### *Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa beyond that of the legislation it is intended to implement.

#### *Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

#### *Waivers*

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the IEDA for a waiver of the discretionary provisions, if any, pursuant to 261—Chapter 199.

#### *Public Comment*

Any interested person may submit written or oral comments concerning this proposed rule making. Written or oral comments in response to this rule making must be received by the IEDA no later than 4:30 p.m. on December 7, 2021. Comments should be directed to:

Lisa Connell  
Iowa Economic Development Authority  
1963 Bell Avenue, Suite 200  
Des Moines, Iowa 50315  
Phone: 515.348.6163  
Email: [lisa.connell@iowaeda.com](mailto:lisa.connell@iowaeda.com)

### *Public Hearing*

No public hearing is scheduled at this time. As provided in Iowa Code section 17A.4(1)“b,” an oral presentation regarding this rule making may be demanded by 25 interested persons, a governmental subdivision, the Administrative Rules Review Committee, an agency, or an association having 25 or more members.

### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee’s meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making actions are proposed:

ITEM 1. Amend subrule 76.4(3) as follows:

**76.4(3) Reallocation of declinations.** Any amount of tax credits authorized and awarded during a fiscal year for a program specified in ~~rule 261—76.5(15)~~ Iowa Code section 15.119(2) which is irrevocably declined by the awarded business on or before June 30 of the next fiscal year may be reallocated, authorized, and awarded during the fiscal year in which the declination occurs. Tax credits authorized pursuant to this subrule will not be considered for purposes of subrule 76.4(2).

ITEM 2. Rescind rule **261—76.5(15)**.

ITEM 3. Renumber rule **261—76.6(15)** as **261—76.5(15)**.

ITEM 4. Amend renumbered rule 261—76.5(15) as follows:

#### **261—76.5(15) Allocating the tax credit cap.**

**76.5(1) Procedure for allocations.** At a scheduled meeting of the board prior to the start of a fiscal year, the board will allocate a portion of the tax credits available under the cap to the applicable programs ~~listed in rule 261—76.5(15)~~. The board is not required to allocate a portion of the cap to every program listed. The board may allocate a portion of the cap to be shared by programs with a common purpose. ~~For example, the business awards made under the enterprise zone program and high quality jobs program may be allocated one amount to jointly serve both programs.~~ Throughout the fiscal year, the board may review the allocation as necessary; but shall review the allocation at least one time during the fiscal year. Based on its review, the board may make adjustments to the allocation as deemed necessary.

**76.5(2) Required suballocations.** Iowa Code section 15.119 requires the authority to make certain suballocations to the programs subject to the cap. In some cases, there is a minimum required suballocation and in others a maximum suballocation. The authority will make the required suballocations and count them against the maximum aggregate cap before making any discretionary allocations.

**76.5(3) Allocation to programs subject to the cap.** For the fiscal year beginning July 1, 2013, and for all subsequent fiscal years in which the required suballocations are not changed, the authority will ~~allocate the maximum aggregate tax credit cap as follows:~~

~~a.—\$2 million to the credits for investments in qualifying businesses and community-based seed capital funds, unless the authority determines that the program demand is less than that amount.~~

~~b.—\$8 million to the tax credits for investments in certified innovation funds, unless the authority determines that the program demand is less than that amount.~~

~~c.—\$10 million to the redevelopment tax credit program for brownfields and grayfields, unless the authority determines that the program demand is less than that amount.~~

~~d.—To the assistive device tax credit program, an amount necessary to meet the demand for that year.~~

~~*e.*—To any other programs that may be made subject to the cap but which are not listed in this subrule, any amount that may be required by law or such amount as the board determines prudent given the amount of tax credits available.~~

~~*f.*—To the high quality jobs program and the enterprise zone program, an amount equal to the amount necessary to meet the demand for that year, provided that such amount will not exceed the remainder of the maximum aggregate tax credit limit for that year.~~

ITEM 5. Renumber rule **261—76.8(15)** as **261—76.6(15)**.